

Making Mining Work: Bringing poverty-stricken, small-scale miners into the formal private sector



Luciano Napolitano, Peru.

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Marty Logan

Thousands of miners are reportedly digging for gold in the Las Cristinas mine in Venezuela's Bolivar State — but few of them actually work for mine owner, Toronto-based Crystallex. Instead, it is estimated that 87% of the workers are engaged in artisanal or small-scale mining (ASM). They scratch out a living independently or alongside their spouse and children; some families have even built wooden or plastic houses underground.

The miners moved in when former Las Cristinas owner Placer Dome, also of Canada, stopped developing the mine in 1999 because of low gold prices. Up to now, the multinational has not officially stated a position regarding the incursions and settlement by illegal miners.

The miners' story is not uncommon. In fact, digging for precious minerals in precarious, often unhealthy conditions, without safety equipment, proper tools, or recognition from the state is a way of life for about 13 million of the world's poorest people in Latin America, Africa, and Asia.

Facing facts about mining

Transforming ASM into a formal activity that will be given its due as part of the private sector in these societies is a goal of the [Mining Policy Research Initiative \(MPRI\)](#) of the International Development Research Centre (IDRC).

Ten years ago, governments and multilateral institutions operated in the hope that ASM would disappear, MPRI Director Cristina Echavarría told an international forum at the [Conference of Montréal: The International Economic Forum of the Americas](#), on 7 June. “A negative image persisted and expanded of ASM as an unsustainable and unacceptable way of life. Extreme poverty and inequity are also unsustainable and unacceptable. And it is mostly the poorest people, often women and children, who end up in this kind of mining as a last, hopefully temporary, resort to make a living.”

“By the end of the 1990s it became painfully clear that ASM was not going to disappear. It is a reality we need to deal with — and it may even be one of the keys to the challenge of reducing poverty and inequity,” Echavarría told the Forum organized by IDRC and the Canadian International Development Agency (CIDA) [Bringing the Best of the Private Sector to Development](#).

The scope of artisanal and small-scale mining

Small-scale miners produce 20-25% of all non-fuel minerals worldwide, US\$2 billion worth of gold and gems in Africa, and 15% of the planet's diamonds, valued at \$1.2 billion. According to the International Labour Organization (ILO) between 11 and 13 million people directly depend on ASM for their survival, and 80 to 100 million people engage in ASM as a seasonal activity — more than the number of people employed in large-scale mining.

Women play a pivotal part in the activity, says Echavarría. Overall they comprise about 30% of ASM workers, including 40% in Bolivia (although the official figure is 12%, noted Echavarría); 50% in Madagascar, Mali, and Zimbabwe; and 75% of the ASM labour force in Guinea.

Children also often play a part in ASM mining. In Peru, the smallest ones are popularly known as “mole children” because they are sent into the narrowest galleries to work with a hammer and chisel. “Child labour is ingrained in the livelihood strategies of ASM households,” said Echavarría. The fact that mining constitutes one of the worst forms of child labour is one more compelling argument for the transformation of the sector, she adds.

A vision for the future

Two years ago, MPRI teamed up with the United Nations Educational, Scientific, and Cultural Organization (UNESCO) to develop a vision to reshape ASM according to the following aims: “In 10 years, artisanal and small-scale mining [will be] a formalized, organized, and profitable activity that uses efficient technologies and is socially and environmentally responsible. Artisanal and small-scale mining [will] develop within a framework of governance, legality, participation, and respect for cultural diversity.”

That vision — which has now been endorsed by the ILO, the World Bank, the Hispano-American Science and Technology Program (CYTED), local non-governmental organizations (NGOs), governments, and bilateral programs — includes better conditions for women miners. “There is enormous potential working with women miners since their earnings are likely to be used to maintain their families,” Echavarría told the Forum. “Research shows that women-run operations are usually better managed than those run by men.”

“However, the majority of women miners are discriminated against and they are given access only to the poorest areas of a deposit, such as reworked tailings. Also, they cannot get bank loans because they find it harder than men to offer collateral. They also lack the education to better deal with formal lending institutions,” she added.

Developing a better understanding of the status of indigenous people's rights in the face of mining in their ancestral lands is also important, according to Echavarría. Clashes between small-scale miners, who often work in remote locations, and indigenous communities are not uncommon. In April at least 29 miners were killed in fighting with members of an indigenous group in northwestern Brazil, who accused the miners of invading and poisoning their lands. The government's National Indigenous Foundation estimates that diamonds worth \$600-800 million are mined illegally on Brazil's indigenous reserves every year.

To succeed in transforming ASM, which the ILO says grew 20% globally from 1993 to 2003, its proponents will need to recruit stakeholders from all sectors: local communities, including members of indigenous communities; NGOs; local governments; multilateral and bilateral donors; and the private sector, said Echavarría.

Ghana's experience

The West African country of Ghana began the process of formalizing the ASM sector in 1989, Minister of Mines Cecilia Bannerman told the Forum.

Among other measures, the government has urged miners to apply for licenses and organize themselves into cooperatives. It has also created companies to market and buy minerals from artisanal and small-scale miners. Having conducted two studies that found the environment around ASM operations was substantially contaminated with mercury (commonly used to separate gold from rock), the government is now educating miners about the safe use of the substance.

"Small-scale mining cannot be done away with, because of its potential in ... poverty alleviation," said Bannerman.

According to a 2002 report, the extent to which ASM will reduce poverty "depends on the nature of the mining. Initiatives aimed at supporting the sector must be seen in the context of the whole community. If exploitation is sudden and short-lived, particular effort should be made in attempts to stabilize the local community. In the case of remote, seasonal operations, the main issue is how to integrate the ASM sector into the local community and encourage profits to be invested in other forms of economic activity and services," said the [*Global Report on Artisanal & Small-Scale Mining*](#).

That paper was the outcome of the two-year Mining, Minerals, and Sustainable Development (MMSD) project, managed by the International Institute for Environment and Development (IIED), under contract to the World Business Council for Sustainable Development (WBCSD).

"Any assistance to the sector should have the development of the community as the goal (both mining communities and local communities if they are different). The importance of a partnership approach, involving extensive participation of miners and local communities, between the donor(s) and community is imperative for assistance projects to be culturally relevant and have any real impact. Otherwise, the chances that they will be sustainable at the local level once the project is over are minimal," the report added.

Marty Logan is the Montréal-based editor of the North America and Caribbean region for Inter Press Service.

For more information:

Cristina Echavarría, Director, Mining Policy Research Initiative (MPRI), IDRC Regional Office for Latin American and the Caribbean, Av. Brasil 2655, 11300 Montevideo, Uruguay; Phone: (5982) 709-0042; Fax: (5982) 708-6776; Email: mpri@idrc.org.uy